

HISTORY OF CLEAR LAKE DEAL FROM ITS BEGINNING

In 1914 a proposition to make the water of Clear Lake available for irrigation to land owners of Yolo County was organized as a public utility by the White Co., an investment company of San Francisco. \$5,000,000 in stock and \$2,500,000 in bonds were authorized. Whiten went to England and sold the bonds to a group of English investors through the efforts of A. Scott Elliott, a relation of Lord Hamilton and Viscount Bryce and other prominent English people.

With the \$2,500,000 White built the dam at Clear Lake and an elaborate system of canals for transmission and distribution of the water but also used a portion of the money for costly overhead and the project as planned was not completed with the money available from the sale of bonds and the war between England and Germany stopped further English participation.. as well as interest in the company.

Through litigation over riparian rights and constant legal complications., the firm of lawyers in Yolo County which handled these proceedings for local contestants became the operating officials and the company was never able to pay any dividends or bond interest, nor did it finish the canal system as planned.

After world war No. 1, A. Scott Elliott was sent to the United States by his relatives who had invested the \$2,500,000 to ascertain their position. He also became involved in legal complications then pending and borrowed money from a local man by the name of John Garrette to attempt to pay off about \$190,000 in obligations for which he gave up one third of the company stock issued in a new set up by the Railroad Commission and company notes for the entire amount.

In 1929, after William S. Post and the writer had built the Morris Dam, north of Clear Lake, we designed a plan for use of the water run off of the Eel River, Putah Creek and Cache Creeks, in which the later drains Clear Lake, for a water supply to the industrial area of the San Francisco Bay. The plan has since been partially adopted by the U. S. Reclamation Service.

It was advisable to negotiate with the Clear Lake Company and I met A. Scott Elliott, its president and through his instigation I obtained an option on the stock holdings of John Garrette (who had become through marriage to his daughter, also his father-in-law and who had antagonized Elliott in every way possible to get him to give up the presidency of the company so that Garrette, its vice president should become its active head).

This option cost me \$10,000 cash and a promissory one year note for \$118,000 and Garrette resigned as head of the managerial work and I became vice president and took up his duties. During the early part of 1929 I went east and interested the Blyby Corporation and was in turn given an agreement to purchase the Company for \$1,100,000 through a subsidiary corporation who handled the engineering and field examination during the latter part of 1929.

Before the transaction was completed the 1929 crash stopped the deal. Garrette then demanded his \$118,000. I had spent about \$15,000 additional money and was not in a position to make the note good so gave up my option and he was restored to his place in the company after my resignation.

In the meantime I had demonstrated the earning capacity of the company, had firmly fixed the corporation system of management, had made a new record during my management in obtaining concession from the Yolo County supervisors for bridges built over the company canals and had worked out more remunerative rates through the Railroad Commission so that the company could more equitably receive revenues for sale of water at a lower cost of operation than before.

After my resignation, the president, Elliott, became involved in bitter controversy with Garrette, his wife's step father, and he appealed to me to raise money for him to return to England and get proxies from all of his share holders and to make me the proxy holder so as to vote Garrette out of office. This I did and in 1930 at the annual meeting of the stockholders appeared with enough votes to carry out this program, but Garrette as vice president, presiding in the absence of the president, refused to recognize the voting proxies.

I employed the firm of attorneys suggested by B. B. Meek, and with J. J. Goldberg handling the matter, an ex-parte order was issued by the Superior Court of Colusa County, granting a receivership for the company, due through the Garrette action to represent fraudulent method of control.

In the meantime Elliott arranged with me to send his wife and son to England and I handled all of his personal as well as business negotiations because of his hatred and fear of his wife's step father Garrette. This expense and legal cost I was paying. Before he left for England he gave me a note of guarantee for the \$10,000 he had arranged for me to pay to Garrette as a payment on his stock sale to me.

In 1932 Fred Stevenot was appointed by Governor C C Young to the Railroad Commission. Fred had been a close friend of mine and had recommended my appointment as his successor to the office of Director of the Department of Natural Resources when Rolph was elected. Rolph agreed to appoint under conditions I could not accept.

Stevenot learned the story of my handling of the Clear Lake Water Company and he had the official records of the Railroad Commission as well as the personal information of the Commission engineers McKall and Stave, to assure him that this was a project of merit. He therefore approached me with a proposition that with the aid of an engineering firm known as the Ward Company, of which he was an officer, he could go into the negotiations with Garrette for the purchase of his interests again on a more agreeable basis.

Stevenot was Railroad Commissioner two years when he went to the Bank of America as an official and proposed to me that he would finance the purchase of all of the stock holdings of the English as well as Garrette set up if I could arrange such a deal in England. In the meantime Elliott had decided not to return to America and was then living in his estate in Scotland with no intentions of returning and left all of his Clear Lake business in my hands. The company however was being operated by Garrette as vice president in the absence of Elliott its president.

Elliott finally became so hard pressed for money to pay his personal accounts while these long controversies kept him out of any company money, that he offered to sell all of the English holdings at a price of less than \$75,000 and he agreed to gather the stock and bonds and send them to me for the sale if I could raise that amount. This arrangement was agreed upon and during the process of gathering the securities Elliott was taken ill just before date of his departure of this country to deliver the securities so I could complete the transaction and he died in Liverpool while being operated upon there in an emergency.

This left me with the unfinished business and with a tentative agreement with him in such shape that his wife thereupon put the matter back into the hands of her step father who was my bitter enemy, and made it impossible for me to continue to make overtures except by costly legal methods and as he was in control of the company, and had a salary account as well as expense account, he had too great an advantage.

Under these conditions I worked out with Stevenot and Ward his associate a plan for the future negotiations to be carried on by them with the mutual agreement that the financing would be done by Stevenot for the purchase of the holdings of Elliott and Garrette to acquire the control of the company without my further appearance in the deal which would allay the bitterness of Garrette.

Under these circumstances and in due time, the negotiations with Garrette who also represented Elliott in the deal, a sale was made to Stevenot and Ward which placed them in full control of the company which they have operated since 1935.

In a conference with Ward I was informed that the money for the purchase of the securities had been put up by W W Mien, capitalist and president of the Calaveras Cement Company. Ward indicated that the total cost to Mien had been \$250,000. He proposed to me that in as much as Mien had been given the third interest in the holdings which was to have been mine, had the financing been done by the bank as Stevenot agreed to arrange, that I should pay Mien his total investment and take over the interest as Ward felt my knowledge of the company and engineering work would augment the value of the company.

This amazing proposal was made to me in a conference in Woodland where the office of the company is located, and is the final discussion I have had with either Ward or Stevenot. The proposal came at a time when I was completely engrossed in the deal for the iron ore property in San Bernardino County. Ward even went so far as to suggest that the money I obtained from that deal could be well spent in his proposal.

I still have a small stock holding and receive constant notice of meetings of the corporation. I also have examined the records of the Railroad Commission as to the annual earnings but do not have a copy of these earnings. However the company is earning on the basis of approximately \$1,000,000 capitalization and this was the price I had arranged to be paid by the eastern financing corporation in 1929 hence it is logical to assume that a one third interest purchased by Mien for cash invested at a price of approximately \$250,000 as quoted to me by Ward, would permit of a distribution of the one third of the Ward and Stevenot interests as originally agreed upon without embarrassment to any of the partners interested in the matter.

I have attempted to get some sort of consideration from Ward and Stevenot for some time. They have refused to make further comment since the meeting I had with Ward. That is their proposition as I am to understand without change. I have had no answers to my letters. Lately I have written and demanded an accounting of their stewardship of our mutual interest without getting a reply.

Stevenot and Ward have been rated as honorable and fair men. It is my opinion that they cannot take the position of avoiding or escaping from the facts as herein set forth. It is obvious that I spent approximately \$25,000 and something over three years of continuous effort to put them in a position of complete control of the Clear Lake Water Company, and to negotiate all of the final arrangements for purchase of the Garrete and English stock and bonds at a price far below the normal company appraisal of their value.

It is further very obvious that the investment of Stevenot and Ward in relation to their acquisition of stock and bonds of the company, which was done in trusteeship for the mutual benefit and equal share for Stevenot, Ward and Morris, did not cost either Stevenot and Ward proportionately as much as it did me. It is further evident that in any fair distribution of the stock and bonds acquired by them, my share of one third would be reasonably equitable.

Ward has claimed that the including of Mien made all of these understandings discarded and at the instigation of Mien he stated that \$3000 could be paid for a riddance of my claim. This I refused, at the time. In refusing that amount I stated that such an offer was an insult and that I would not withdraw from my original position as a joint holder of the interest acquired by Stevenot and Ward in which I was to have a third. Since then I wrote Ward, when in need of money for the pursuit of the iron mine program, that I might accept the \$3000. I received no reply to this letter.

YUBA MINERALS DEVELOPMENT COMPANY
YUBA COUNTY
MARYSVILLE, CALIFORNIA

Sacramento, California: Sept 17- 1946.

Senator Ed Fletcher,
San Diego, California.

Dear Senator:

In compliance with our discussions about the proposed mineral study for California to be presented to the State Legislature at its next session, I am sending you enclosed a copy of letter which is drafted as a suggestion for you to send to the Governor.

It is obvious that if he includes this matter in his message to the session that will convene on January 6th, 1947, that he should be given this idea now so that it can be incorporated in the message in time.

There is also the question of cost of this project which I have discussed with the technical men who were the contract authors of the preliminary bulletin issued by the Division of Mines under the direction of the State Reemployment Commission two years ago. The members of your committee who attended the last meeting which George Biggar arranged in the form of a dinner at the Sacramento Hotel, particularly requested me to get this information and submit it to them. It is quite obvious that a letter from you to the members of the committee would be the proper procedure, which I would suggest you write to them, or if you prefer and wish it to be done you could send the stationary and I would prepare a letter for you and send it from Sacramento.

This matter has become very vital. The importance of minerals to the future of industry makes imperative that all possible information on the mineral resources of the state be tabulated without delay. Employment of the rapidly increasing population of the state is totally dependent upon the alertness of the state officials in the matter of raw materials for industry.

Every effort is being made to force the Governor to be conscious of this situation through other channels as will be noted in the enclosed letter to Mr. Ellis. This is also being done at my instigation.

Hope your pressure of work is subsiding to make it possible for you to get a little more rest.

Sincerely yours,

Edward Morris

Edward Morris,
3840 T Street,
Sacramento, California.

Dated at Sacramento, Calif: 9-15-1946

Sacramento, California: Sept. 17- 1946.

Mr. Ed. Fletcher,
San Diego, California.

Dear friend:

In accordance with our conversation while with you in San Diego, I have a brief resume of the Clear Lake deal worked out as per the enclosed. To get a comprehensive outline it is necessary that you read it.

I am also enclosing letter received from a brokerage company of San Francisco offering me \$6.00 per share for my stock which only amount to a few shares. Setting this as a price for the worth of the stock, if Stevenot and Ward wish to pay me the sum of one third of the total stock held by them at the price of \$6.00 per share and do not wish to part with the stock itself, I would agree to that even though I know this price is low. The offer was made by people who are close associates of W W Mien and I think he is trying to buy up as an investment. the small amount of stock not included in the Ward, Stevenot. Mien holdings.

I Cannot understand an honorable man like Fred Stevenot trying to eliminate me without due consideration to the obligation incurred by him and Ward. This was a proposal solicited by Stevenot and not by me in the original arrangement between us. The fact that I carried the burden of the negotiations, planned and arranged all the details of the final transaction, and brought the price down from what I originally contracted to pay for shares of stock in 1929 to about one fourth of that price, in the five years I worked on this deal, is without question very evident to both Ward and Stevenot.

I did not know Ward until after the deal was begun between Stevenot and myself, but Ward was an associate of long standing with Stevenot in the Ward Engineering Corporation, which contracted construction work. After the 1929 depression Ward Engineering Company was without work and to my knowledge the Clear Lake deal rehabilitated and put Ward in an enviable position as he is now acting as president of the Clear Lake Company at a good salary.

Both Ward and Stevenot have eulogized the outstandingness of this project and its potentialities. You entered into the matter when we were planning building of an auxilliary dam on the North Fork of Cache Creek. I went to Washington and worked out all of the details with the chief counsel of the RFC, Attorney Alley and this and other engineering work was fully adopted by the existing officials and I not only have received no compensation but paid all my own expenses. When you were invited to assist me with the RFC loan, I included you in this project with the idea that we would jointly profit in such an excellent arrangement, not deeming it possible that men like Ward and Stevenot could so completely prove unreliable.

A complete volume of supporting evidence could be made available for legal action, including the documents and papers of the negotiations with Elliott, his note to me, proxies and all other vital information. But for purposes of negotiating with these men who know all of this, there should be no such requirement. I believe it is important that you should discuss with me your version and impression of the information I am herewith submitting before you see the principals.

I should like very much to press this matter as time does not help it. If you can give it your early attention I shall agree to my original understanding with you and hope you can give it attention soon.

Sincerely yours,

Edward Morris

Fred G. Stevenot
c/o Capital Company
Bank of America
Subsidiary
Bank of America Bldg
California & Montgomery

Walter Ward, President
Clear Lake Water Co
Woodland California

Edward Morris
3840 T St
Sacramento Cal

1/3 Each Undivided
Interest.
Agreement -
1933.

Morris Cash
Paid Out.
\$24350.

from
1929 to 1933.

Have note of former
President of Company
for \$10,000.00 who
signed note at time
of mutual agreement
between
Pres. A Scott Elliot
an English stockholder
and Edward Morris
which note was also
left out of settlement
when Elliot died.

3840 T Street
Sacramento, California
November 2, 1946

Senator Ed Fletcher
1020 Ninth Street
San Diego, California

Dear Senator Ed:

I have just received two letters from you which must have been delayed in reaching me because of error in the address. They were sent to 384 T Street and the number is 3840 T Street.

With reference to the sample of clay, I am having the State Division of Mines give it a check-up as well as my own.

Mr. W. B. Tucker, the new State Mineralogist, is coming here to Sacramento Tuesday enroute to the iron ore reduction plant of the U. S. Bureau of Mines at the Shasta Dam, and I am making the trip with him. This will be my opportunity to discuss the whole program of the State Mineral Resources Study which your Committee set up in Resolution #28 in the February session of the Legislature. It is obvious that the Department of Natural Resources and the Division of Mines should have the sponsorship of this study. Mr. Tucker is a very fine man and able mining engineer. We are good friends, and he is competent to make this project a real success. If George Biggar could be made the Coordinator and I was the Consultant I think the project could be shaped up to give a service to the State which would be of tremendous importance in its future development. I would like to hear from you particularly as to your being here on November 11th if you will have time to go into this matter then, and if so, I could arrange to have Mr. Tucker here to meet with you.

Relative to the letter about the names of the men in the Clear Lake deal. I have only two names to give you, which I have mentioned many times. One is Walter Ward, President of the Clear Lake Water Company, and Fred G. Stevenot, Vice President. I believe it is better that you discuss the matter with me when you come, as I suggested before, and that you do what telephoning you do from here, to avoid any complications.

Going back to the subject of the mineral survey project, I am going to see Senator Carter when Mr. Tucker and I are in Shasta County and will review the whole matter with him. I am also enclosing a copy of letter I have written to Dr. Herbert Waterman of the University of Southern California, for your information.

Sincerely yours

Edward Morris

3840 T Street
Sacramento, California
November 2, 1946

Dr. Herbert Waterman
University of Southern California
Los Angeles, California

Dear Dr. Waterman:

I am enclosing copy of letter which will give you the cross-section of progress that affects the Mineral Resources project. Senators Fletcher and Biggar both being withdrawn from active service made a great deal of difference in my effectiveness, and I am having to work along revised lines.

I have had a letter from Mr. Joslin since I saw you and would appreciate your communicating with him perhaps to the extent of sending him the copy of this letter to Senator Carter. I shall be in Southern California after the 15th of November and in connection with this whole subject matter will then have the outline of Mr. Tucker's ideas and can prepare a final budget item for submission to the Legislature. The election will be out of the way and the men involved in the political phases of the subject will be in better trim to go into details regarding the final shape-up of the project.

With kindest regards, I am

Sincerely yours

Edward Morris

EM/1

3840 T Street
Sacramento, California
November 7, 1946

Senator Ed Fletcher
1020 Ninth Street
San Diego, California

Dear Senator Ed:

During my trip to the Shasta Dam with W. B. Tucker, Acting State Mineralogist, we discussed the fact that the United States Bureau of Mines is interested in an exploratory project for location of mineral deposits and I recommended the idea to him that your property warranted core drilling exploration work. The situation is that the Federal Bureau of Mines has reached a point where the mineral testing work has been so diminished since the end of the war that they are now seeking projects. It would be possible with a little work by us jointly to get a project on the Cajon property, and I hope I can arrange an appointment to meet with both the Federal and State head men in San Francisco.

I know you feel elated over the election and the fact that your son will now represent your district in Congress, and I would like very much if we could impress upon him the type of work which has been launched under your Senate Natural Resources Committee for progressive planning of the development of mineral resources for industrial use. You probably have heard during the last week the Governor and the Secretary of the Interior fluently expanding on this subject, and you have the opportunity now to pass on a great heritage of knowledge on this subject to the new Congressman, who should certainly want to hear from you.

I am expecting to see you the first of the week.

Sincerely yours,

Edward Morris

2000 T Street
 Sacramento, California
 November 8, 1946

Dr. Herbert Watsman
University of Southern California
Los Angeles, California

Dear Mr. Watson:

and I am moving to work along revised lines, service made a great deal of difference in my effectiveness. Generators Fletcher and Higgs both being withdrawn from active section of program that affects the total resources project. I am enclosing copy of letter which will give you the story.

the final shape-up of the project. The subject will be in better form to go into details regarding out of the way and the man involved in the political phases of them for submission to the legislature. The election will be outline of Mr. Tucker's ideas and can measure a final budget connection with this whole subject matter will then have the be in Southern California after the 15th of November and in sending him the copy of this letter to Senator Jordan. I shall appreciate your communicating with him perhaps to the extent of I have had a letter from Mr. Jackson since I saw you and would

With kind regards,

STONY MOUNTAIN

Blurred Motion

1895

Ed Fletcher Papers

1870-1955

MSS.81

Box: 18 Folder: 26

General Correspondence - Morris, Edward E.



Copyright: UC Regents

Use: This work is available from the UC San Diego Libraries. This digital copy of the work is intended to support research, teaching, and private study.

Constraints: This work is protected by the U.S. Copyright Law (Title 17, U.S.C.). Use of this work beyond that allowed by "fair use" requires written permission of the UC Regents. Permission may be obtained from the UC San Diego Libraries department having custody of the work (<http://libraries.ucsd.edu/collections/mscl/>). Responsibility for obtaining permissions and any use and distribution of this work rests exclusively with the user and not the UC San Diego Libraries.